

# CITY PROFILE



## Location

Wichita, the largest city in Kansas, population 344,284<sup>1</sup> is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate I-35, link the city with a large trade area that encompasses a population of approximately 1.2 million<sup>2</sup> people within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

## Historical Background

Wichita became a town in 1868, was incorporated in 1870 and has been a city of the first class since 1886. The original stimulus to the city's economic development was the extension of the Santa Fe Railway into Wichita in 1872. The city's early growth paralleled the expanding agricultural productivity of the Central Plains States and by 1900 the city was an important regional center for the processing of agricultural products and the distribution of farm equipment. In 1914, the discovery of oil broadened the economic base, drawing to the city numerous services, distributive enterprises and metalworking industries. From the earliest days of the aircraft industry, Wichita has been a leading producer of general aviation and commercial aircraft. McConnell Air Force Base was activated in 1951 and has remained an important factor in the community.

## Government

In 1918, Wichita became one of the first municipalities in the United States to adopt the Commission-Manager form of government. Effective April 14, 1987, the title "City Commission" was changed to "City Council" and instead of being elected at-large, five council members were nominated by district and elected at-large. In November 1988, Wichita voters approved a referendum to elect a five-member City Council by pure district elections and a full-time Mayor by city-at-large elections. On February 10, 1989, Charter Ordinance 115 was adopted and provided for the five council member seats to be increased to six by subdividing the city into six districts based on the 1990 census. The six Council members and the Mayor serve four-year terms with the Council members' terms being overlapping. The City Council and Mayor conduct all legislative functions for the city of Wichita and establish general policies, which are executed by the City Manager.

## POPULATION CHARACTERISTICS<sup>3\*</sup>

Population	
Wichita city (2000) <sup>1</sup>	344,284
Wichita MSA (2000) <sup>2</sup>	545,220
Within 100-mile radius (1999) <sup>3</sup>	1,231,418

<sup>1</sup> Source: U.S. Bureau of the Census. The most current estimates available for cities are for 1999.

<sup>2</sup> Source: U.S. Bureau of the Census.

<sup>3</sup> Source: Estimated by the CEDBR, Wichita State University using 1999 county population estimates produced by the U.S. Bureau of the Census.

## Growth

Wichita's population growth has been steady for the past two decades. The majority of recent growth has occurred along the far west/northwest and east/northeast peripheries of the city, and into the unincorporated portions of the county.

As of March 2000, the city's total land area was approximately 140 square miles. The majority of annexation over the past couple of years has been in response to a need for improved utility service in the annexed areas, especially water service.



## Geographic Distribution

The metropolitan statistical area (MSA) includes Butler, Harvey and Sedgwick counties. Sedgwick County represents the largest portion of the area's population with an estimated 451,684 residents in 1999.

The city's population density has decreased by nearly 50 percent in the past few decades. Today there are approximately 2,397 persons per square mile in Wichita compared to 4,625 per square mile in 1960 when density within the city limits peaked. The trend of perimeter growth, and the associated increase in demand for local government services, is expected to continue for Wichita.

## Composition

The racial and ethnic composition of Wichita's population is comparable to that of the nation. Current trends indicate the fastest growth rate to be among Asian/Pacific Islanders and persons of Hispanic origin.

## Public Safety

National FBI statistics for 1999 show Wichita's violent crime rate to be lower than many cities of comparable size, including Little Rock, Tulsa, Omaha, and St. Louis. Wichita's violent crime rate in 1999 was 580 (number of offenses per 100,000 population), down from 665 in 1998.

In 2000, overall crime in Wichita rose slightly, by 5.9 percent, from 1999 after three consecutive years of decline according to Wichita Police Department statistics. Efforts by local leaders to address crime and crime perception in the city have included the introduction of community policing, stiffer handgun regulations, enhanced surveillance of gang activities, as well as expansion and support of preventive community programs in target areas.

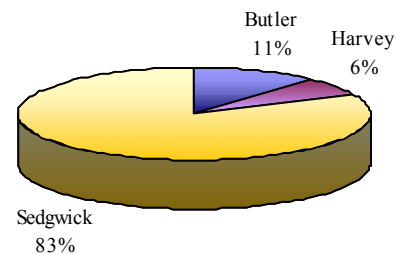
## Education

Wichitans place great importance on education. In 1990, 82 percent of Wichita's citizens aged 25 years and older had at least a high school diploma, compared to 75 percent in the nation overall.

Population Trends				
Wichita				
Year	City (000's)*	Percent Change	Sdg Co (000's)	Percent Change
1950	168.3	-	222.3	-
1960	254.7	51.30%	343.2	54.40%
1970	276.6	8.60%	350.7	2.20%
1980	279.3	1.00%	367.1	4.70%
1990	304.0	8.80%	403.7	10.00%

\*Source: U.S. Bureau of the Census, *Population of the 100 Largest Cities and Other Urban Places in the United States: 1790 to 1990*, Working Population Paper No. 27.

### 1999 Population Distribution Wichita MSA

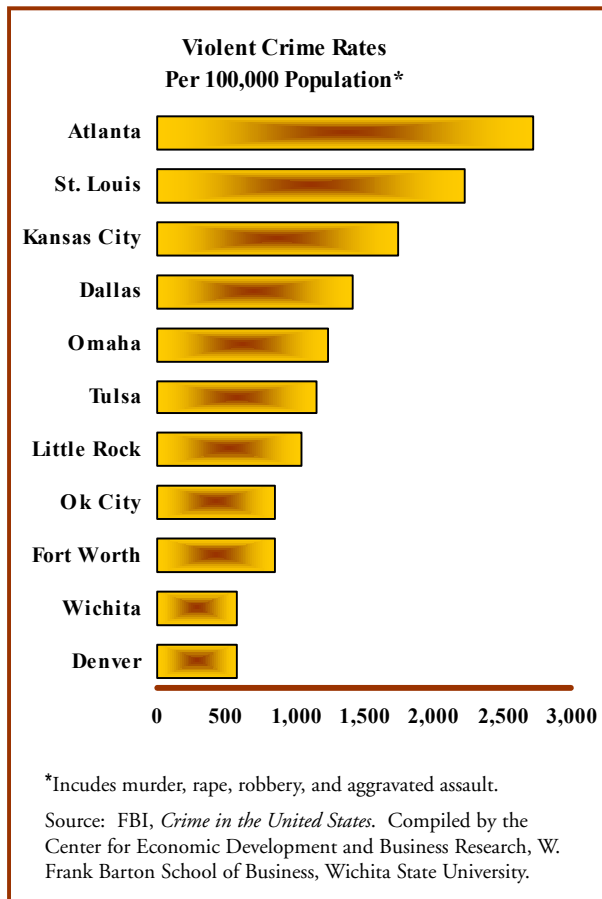


Source: U.S. Bureau of Census

### Population by Race/Ethnic Origin, 1990 (Percent of total)

Race and Ethnic Origin	Wichita	U.S.
White	80.5	75.8
African American	11.1	11.8
American Indian	1.2	0.8
Asian or Pacific Islander	2.5	2.8
Hispanic Origin	4.7	8.8
Other Race	0.1	0.1

Source: 1990 Census of Population and Housing, Summary Tape File 3C. Detail may not sum to total due to rounding.



The city of Wichita is served by eight unified school districts. The Wichita Public Schools (USD 259) is the largest in the city. Enrollment has grown steadily over the past five years, with a total increase of 2,521 students during that time period. In support of the public schools, in early 2000, the community passed a \$284.5 million bond issue to update and maintain current facilities.

In addition to the public school districts, there are approximately 40 private schools serving preschool through high school students, as well as those needing special education. Fifteen colleges and universities in the local area serve Wichita, including Wichita State University, University of Kansas-School of Medicine, Friends University, Newman University, and the Wichita Area Technical College.

## Health Care

Wichita is a first-class regional medical center with 11 acute care and freestanding specialty hospitals

providing the community with more than 2,600 licensed beds. In addition to these major treatment facilities, there are approximately 40 nursing homes and assisted living facilities. Wichita is also home to the Center for Improvement of Human Functioning, an international bio-medical research and educational organization specializing in nutritional medicine and preventive care.

## Transportation

Wichita Mid-Continent Airport, the largest in Kansas, is a combination commercial air carrier and general aviation complex, providing accommodations for all aircraft. Passenger service and associated air cargo business is available through 11 airlines including America West, American, American Eagle, Atlantic Southeast (Delta Connection), COMAIR (Delta Connection), Continental Express, Northwest, Northwest Airlink, TWA, United and US Airways Express. Air passengers at Mid-Continent numbered 1.2 million in 2000 (inbound and outbound). Airfreight shipments totaled 50.9 million pounds in 2000 (inbound and outbound).

## Culture and Leisure

Recreational opportunities abound in Wichita. The city's compact size allows minimal travel time (average 30 minutes) to outlying areas with open prairie and lakes. Inside the city there are more than 90 municipal parks, covering 4,190 acres.<sup>4</sup> At least 160,000 trees are planted in Wichita's public grounds.



Cultural activities include art, natural and historical museums, theater, the Mid-American All-Indian Center, the

Wichita Symphony, the Metropolitan Ballet, an observatory, a botanical garden, and a natural setting zoo. The \$62 million Exploration Place, a science center and museum, has opened in downtown Wichita and is expected to attract more than 300,000 visitors annually.

Special ethnic, sports, and holiday events take place year-round, culminating in the area-wide ten-day River Festival in May. Beginning as a city-financed centennial celebration in 1970, the River Festival has grown steadily with annual attendance now over a million people. In 1996, it was named one of the top 100 tourist attractions in North America. The total economic impact of the river festival in 1998 was estimated in the range of \$17 million to \$18 million.<sup>5</sup>

Major professional indoor soccer and minor league professional baseball and hockey are examples of other major attractions in the Wichita area, as well as Joyland Amusement Park. A newly constructed City-owned twin-sheet ice skating arena is now available for additional sporting events. Wichita has five City-owned golf courses, eight other golf courses for public play and nine membership-only private courses.

Century II is the convention headquarters downtown. The Kansas Coliseum, just north of the city, is a multi-purpose facility that hosts a variety of events from concerts, to livestock shows. The \$30 million Hyatt Regency hotel in downtown Wichita has added to the large selection of hotels in the city. Wichita is the leading convention and tourism center in Kansas.

## Economic Development

Wichita offers an excellent business environment, with incentives that include property tax abatements (up to 10 years-100%), industrial revenue bonds (IRBs), Enterprise Zones, job training funds and venture capital.

Under the state constitution, Kansas is a right-to-work state. No labor unions may attempt to collect “service fees” from workers who choose not to join the union. Only 8.4 percent of the Wichita MSA’s private workforce is unionized compared to 11.2 percent of the national private sector. Outside the aircraft plants only 4 percent of the Wichita MSA’s private workforce is unionized.<sup>6</sup>

Downtown revitalization is gaining importance and momentum in Wichita. The vitality of the city’s core is essential, not only to economic and tax base stability, but to quality of life for its residents. Among the riverfront and core-area public and private development projects under construction or completed since 1994 are:

### Wichita Mid-Continent Airport Activity

#### Air Freight Shipments (pounds)

Year	Inbound	Outbound
1993	29,028,000	26,148,000
1994	31,288,000	27,584,000
1995	31,068,000	26,422,000
1996	42,662,000	37,240,000
1997	39,148,000	38,324,000
1998	37,040,000	36,252,000
1999	27,874,000	26,110,000
2000	28,884,000	22,032,000

#### Air Passengers

Year	Inbound	Outbound
1993	637,394	637,985
1994	581,494	584,624
1995	647,148	647,242
1996	712,641	714,591
1997	710,017	704,317
1998	666,442	666,506
1999	626,951	621,378
2000	617,634	609,449

Source: Wichita Airport Authority. Compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.



- Wichita Boat House
- Old Town Redevelopment
- Renovation of the historic Eaton Hotel
- State Office Building
- Wichita Ice Sports Center
- Exploration Place, a Science Center/Children's Museum Complex
- Hyatt Convention Center Hotel
- East Bank River Walk
- Maple Lewis Street Bridge Replacement
- McLean Boulevard Realignment
- Douglas Avenue Upgrading
- Development of pocket parks

## Cost of Living

Even with all of these amenities, Wichita still maintains a moderate cost-of-living rate of 95.9 about 4.1 percent below the average of 315 urban areas in the United States.<sup>7</sup> As of second quarter 2000, the median single-family home sales price in the Wichita MSA ranked 18th lowest out of 128 reporting MSAs in a survey conducted by the National Association of Realtors. As of second quarter 2000, the median sale price of a newly built single-family home in the Wichita metro area was \$134,460, substantially below the national median price of \$162,700.<sup>8</sup>

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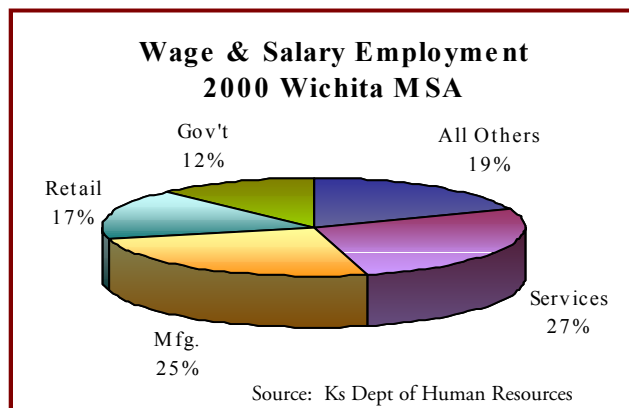
## ECONOMIC CHARACTERISTICS<sup>9</sup>

### Employment

Wichita's employment includes a broad mix of business types, with a strong base of relatively high paying manufacturing jobs. A list of Wichita's major private employers includes The Boeing Co., Cessna Aircraft Co., Raytheon Aircraft Co., Via Christi Regional Medical Center, Bombardier Aerospace Learjet, Koch Industries Inc., Wesley Medical Center, Southwestern Bell, Bank of America, Dillon Stores and The Coleman Co.

However, any listing of the area's largest private employers cannot reveal the large number of small and mid-sized companies providing a wide variety of goods and services to markets around the globe. The 1998 *County Business Patterns* shows approximately 11,470 business establishments in Sedgwick County with fewer than 100 employees.

Average total wage and salary employment in the Wichita MSA increased by 0.3 percent from 1999 to 2000. This increase was led by the government sector with an increase of 1,300 jobs and the service sector with an increase of 800 jobs. Most of the job increases in the







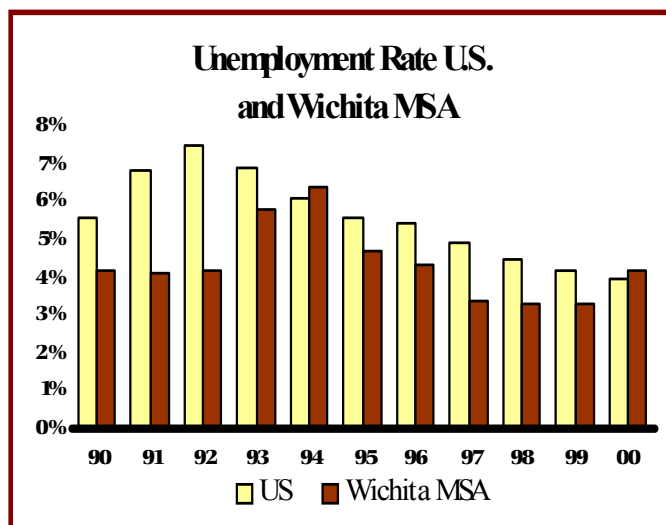
government sector were related to temporary jobs for the 2000 census. The manufacturing sector had the largest decrease in jobs, losing an average of 1,200 filled positions in 2000.

In 2000, 27 percent of all jobs in the Wichita MSA were in service industries, while 25.3 percent were in manufacturing industries. Services accounted for 77,300 jobs, while manufacturing contributed 72,400 of the 286,200 total jobs.

The total civilian labor force in the Wichita MSA increased 2 percent from 1999 to 2000. Wichita's unemployment rate averaged 4.2 percent for 2000, slightly above the 4 percent average of the United States.

During the past decade, the United States has enjoyed an extraordinary period of uninterrupted economic growth. During this same period Wichita's employment grew, on average, a healthy 1.6 percent annually. The CEDBR does not expect the United States or Wichita to continue to enjoy such robust economic growth rates during the next 5 years. Nationally economic growth began slowing during fourth quarter 2000 and has continued to slow into the first half of 2001. While Wichita's employment growth, after declining in 1999, rebounded in 2000. Wichita's employment is forecasted to grow a modest 1 percent in 2001.

Slower economic growth nationally, more modest manufacturing employment growth in Wichita and the lack of available skilled labor are all factors likely to limit economic growth in Wichita during the next five years.



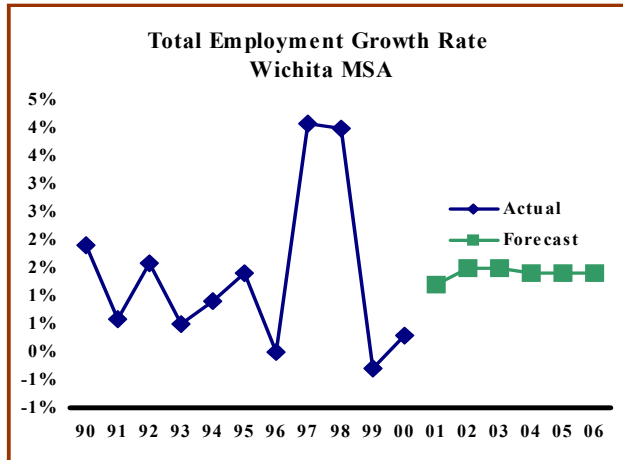
## Manufacturing

After adding 17,100 manufacturing jobs in just three years, manufacturing employment in Wichita has decreased for the past two years, with an average loss of 1,200 jobs in 2000. Manufacturing employment is expected to increase in 2001 adding 1,500 jobs.

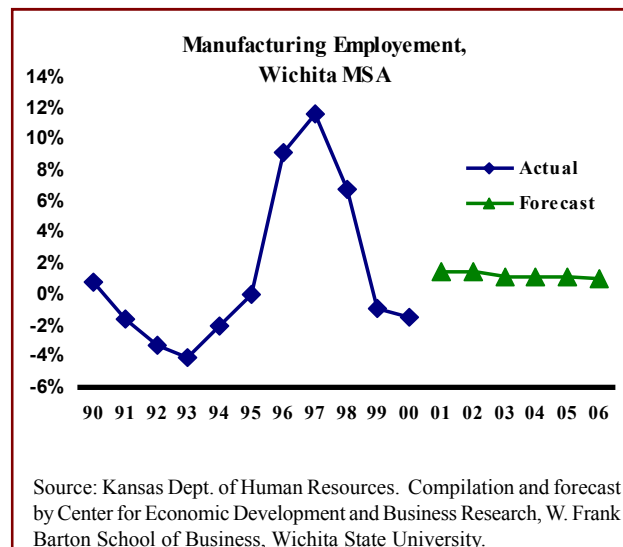
During the 1980s Wichita saw dramatic decreases in manufacturing employment averaging 5.3 percent annually. Most of these job losses were as a result of downsizing among the general aviation manufacturers early in the decade. With the introduction and passage of product liability reform legislation, the general aviation industry in Wichita blossomed during the 1990s. During the first half of the 2000s, the CEDBR is expecting more modest growth in the manufacturing sector averaging about 1.1 percent annually. From 2001 through 2006 job growth in the manufacturing sector should range from 500 to 750 net new jobs annually.



Production and shipments of general aviation products in Wichita continued to accelerate in 2000. A strong national economy, new product introductions, successful marketing and major federal defense contracts have supported demand for general aviation aircraft. Wichita's general aviation manufacturers, which now combine to employ more people than Boeing, had their fifth record setting year. In 2000, the Wichita general aviation manufacturers had shipments totaling 1,879 aircraft, with billings of \$5.9 billion, up slightly more than 9 percent from 1999.<sup>10</sup> Today, Wichita's manufacturers account for 66.7 percent of all U.S. general aviation shipments. Orders for Boeing commercial airplanes totaled 611 in 2000, up from 391 in 1999. Deliveries for the year totaled 489, down from 620 in 1999.<sup>11</sup> Boeing has announced it plans to add 500-1,000 employees to its work force by the end of 2001. Cessna Aircraft Co. plans to add 1,000 jobs by the end of the year, as well.



Wichita continues to diversify its manufacturing employment base into a wide variety of high value-added jobs. York International Corp., the third-largest U.S. maker of heating and refrigeration systems, Hay and Forage, manufacturers of farm equipment, Cintas Corporation, a uniform supply company, and Big Dog Motorcycles all are expanding their manufacturing presence in Wichita. Other Wichita manufacturers include a large number of small to mid-sized highly technical and flexible firms in such industries as medical equipment, automobiles, and computers. Koch Industries Inc., the nation's second largest privately held company, has its worldwide headquarters in Wichita.



Although Wichita has a strong competitive advantage in the production of aircraft, the overall economy has a healthy diversity. In 1997, the Center for Economic Development and Business Research conducted a study that confirmed this diversity.<sup>12</sup> When compared to 46 relevant metropolitan areas across the nation, Wichita ranked 10<sup>th</sup> in terms of diversification. The volatility of the Wichita economy proved to be lower than the majority of the study cities by each economic indicator measured.



## Services

Service sector employment grew by 800 jobs in 2000. Historically, when Wichita has experienced job declines in the manufacturing sector this has freed up labor and led to employment growth in the service sector. This pattern held true in 2000. In 2001 we are forecasting modest growth in service sector employment totaling about 600 jobs. Services are expected to continue to be a major contributor to job growth over the next 5 years. The service sector is forecasted to grow, on average, 1.2 percent annually adding about 1,000 jobs each year. Employment growth will occur primarily in new and expanding industry clusters such as call centers and communication and telecommunication service providers.

## Construction

Residential and commercial construction has been thriving in Wichita for several years. Compared to these record-setting years, construction activity slowed in 2000; yet the amount of construction activity is still at historically high levels. The total value of permits for new single-family homes totaled \$90.1 million compared to \$106 million in 1999. The industry lost 300 jobs in 2000 for a decline of 2 percent.

Assuming the legislature doesn't raid the funding, the passage of the \$12.6 billion 1999 comprehensive transportation bill by the state legislature should ensure continued job stability in the heavy construction sector over the 10-year life of the bill. About \$50 million dollars will be spent to build grade separations in Wichita's central rail corridor, which will separate the rail traffic from the car and truck traffic.

A \$284 million bond issue for the Wichita Public Schools, USD 259, passed on April 4, 2000. The bond money will be used to finance the elimination of all but a few portable classrooms, add classrooms to eliminate overcrowding, replace schools that would be more costly to refurbish and maintain, and modernize heating, cooling, and wiring in all of the schools that need it.

With the recent declines in mortgage interest rates the banking industry has experienced another round of home mortgage refinancing. However, with somewhat shaky consumer confidence we have not seen a corresponding rebound in new home sales and starts. The passage of the highway bill and the letting of construction bids for the USD 259 bond projects should continue to create jobs in the heavy construction industry over the next 5 to 10 years.

CEDBR is not projecting any net job growth in the construction sector during 2001. Residential construction activity is expected to slow in 2001 while commercial/industrial construction activity is expected to increase. With job losses in the residential sector and job gains in the commercial/industrial sector, overall employment in the construction industry is expected to remain at current levels in 2001.

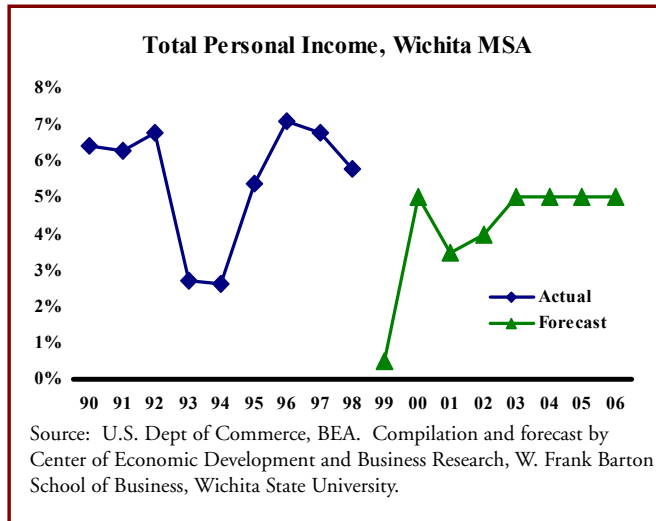
## Personal Income

Total personal income for the Wichita MSA had an average annual growth rate of 5.6 percent for the decade ending in 1998 (the latest year for which data are available as of this printing). From 1998 through 2006, total personal income is expected to grow at an average annual rate of 4.3 percent. If inflation remains in the range of 2.5 to 3 percent, real growth of personal income would average 1.3 to 1.8 percent for the period 1998-2006.





Despite local shortages of skilled labor, international competition will continue to prevent Wichita employers from raising wages. We are measuring personal income growth for the Wichita MSA only. Personal income is attributed to the



county in which a person lives, regardless of where he or she may work. As surrounding counties continue to successfully develop their own infrastructure and residential neighborhoods, they will attract a greater share of the MSA's total income. However, Sedgwick County will retain the lion's share of jobs and workforce in the region.

Personal income is affected by a number of factors, including social security, farm income, rental income, stocks, interest, and employee earnings. The largest share by far is the earnings of employees.

## Retail Trade and Sales

Retail opportunities continue to expand in the metropolitan area. During the past two years several national retailers entered or announced plans to enter the Wichita market. These include Stein Mart, Zany Brainy, Von Maur, Krispy Kreme Doughnuts and Bed Bath & Beyond. Other national retailers are expanding their presence in Wichita including Walgreens, The Gap, Burlington Coat Factory, Victoria's Secret, Home Depot, Wal-Mart and Eddie Bauer. Also, during the past 2 years several big box tenants such as Service Merchandise, Albertson's, Builder's Square and Jumbo Sports closed. For the most part these closings were not due to local economic conditions. Evidence of this is the continuing expansion of existing shopping districts and the planned construction of several new shopping centers. For example an 85,000-square-foot expansion at Bradley Fair is underway and several new retail center projects have been announced including Newmarket Square, Regency Lakes, Gateway Center, Market Place, and Cambridge Market.

In addition, to access to retail outlets, growth and decline in real retail sales (adjusted for inflation) are closely related to employment growth and consumer confidence. Each new job generates approximately \$24,000 in taxable retail sales. However changes in state tax law also can have an impact on taxable retail sales. Since July 1998 the Kansas legislature has granted sales tax exemptions totaling approximately \$35.4 million. For example, in July of 2000 expanded exemptions for manufacturing machinery and equipment were granted with an estimated loss of sales tax collections totaling \$4.3 million annually statewide.<sup>13</sup> As the state's major manufacturing center a large percentage of those collections are likely to be generated in the Wichita metropolitan area.



Based on Kansas Department of Revenue state sales tax receipts, the Wichita MSA produced \$7.134 billion in taxable retail sales in 1999. This reflects a growth rate of 2 percent between 1998 and 1999. Taxable retail sales in the metropolitan area were down in all quarters compared 1999 with year-end retail sales of \$6.827 billion, a decline of 4.3% percent from 1999.

Retail sales are projected to grow at an average annual rate of 1 percent during 2001-2006. This forecast is based on the forecast of employment and personal income above and the assumption that Wichita will continue to attract growing numbers of new, well-managed retail establishments.

## END NOTES

- <sup>1</sup> Source: U.S. Department of Commerce, Bureau of the Census.
- <sup>2</sup> Estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University based on 1999 county population estimates produced by the U.S. Bureau of the Census.
- <sup>3</sup> This report on **Population Characteristics** was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the City of Wichita Department of Finance specifically for inclusion and use in the 2002-2006 Financial Plan and 2002/2003 Adopted Budget.
- <sup>4</sup> Source: City of Wichita Park and Recreation Administration.
- <sup>5</sup> Source: Wichita Festival Inc.
- <sup>6</sup> Source: Wichita Area Chamber of Commerce. Estimates are for year-end 1994.
- <sup>7</sup> Source: American Chamber of Commerce Researchers Association's Cost of Living Index, 2<sup>nd</sup> Quarter 2000.
- <sup>8</sup> Source: Wichita Area Association of Realtors-Multiple Listing Service and the National Association of Realtors.
- <sup>9</sup> This report on **Economic Characteristics** was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2001-2006 Financial Plan in March, 2001. For updated information refer to the CEDBR site (<http://www.twsu.edu/~cedbrwww>) on the World Wide Web.
- <sup>10</sup> Includes data for 29 Boeing Business Jet shipments with a manufacturers net billing value of \$1 billion.
- <sup>11</sup> Source: The Boeing Company homepage at <http://www.boeing.com/commercial/orders/1999.html>
- <sup>12</sup> "Industrial Structure and Economic Volatility of Selected Metropolitan Areas", Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, May, 1997, funded by the City of Wichita, Dept. of Finance and Sedgwick County, Bureau of Finance.
- <sup>13</sup> Based on estimates provided by the Kansas Department of Revenue.